

District of Columbia Retirement Board

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Description	FY 2003 Approved	FY 2004 Proposed	% Change
Operating Budget	\$13,387,875	\$13,894,654	3.8

The mission of the District of Columbia Retirement Board is to invest, control, and manage the assets of the Teachers' Retirement Fund and the Police Officers' and Firefighters' Retirement Fund.

The board consists of 12 voting trustees: three appointed by the mayor; three appointed by the District Council; and six elected by their participant groups. The board has six standing committees: Benefits, Emerging Enterprise, Fiduciary, Investment, Legislative, and Operations. In addition, the District's Chief Financial Officer serves as a non-voting, ex-officio trustee. The board hires an executive director and support staff to assist in carrying out its mission.

The board plans to fulfill its mission by achieving the following strategic result goal:

- Achieve a long-term rate of return for the retirement funds' investments in excess of the actuarially assumed rate of return.

Did you know...

Telephone	(202) 535 1271
Target rate of return in FY 2004	7.25%
District 10 year actual rate of return ending September 30, 2002	8.2%

Where the Money Comes From

Table DY0-1 shows the sources of funding for the D.C. Retirement Board.

Table DY0-1

FY 2004 Proposed Operating Budget, by Revenue Type

(dollars in thousands)

	Actual FY 2001	Actual FY 2002	Approved FY 2003	Proposed FY 2004	Change From FY 2003	Percent Change
Local Fund	0	0	0	0	0	0.0
Special Purpose Revenue Fund	6,748	7,168	13,388	13,895	507	3.8
Total for General Fund	6,748	7,168	13,388	13,895	507	3.8
Gross Funds	6,748	7,168	13,388	13,895	507	3.8

How the Money is Allocated

Tables DY0-2 and 3 show the FY 2004 proposed budget for the agency at the Comptroller Source Group level (Object Class level) and FTEs by fund type.

Table DY0-2

FY 2004 Proposed Operating Budget, by Comptroller Source Group

(dollars in thousands)

	Actual FY 2001	Actual FY 2002	Approved FY 2003	Proposed FY 2004	Change from FY 2003	Percent Change
11 Regular Pay - Cont Full Time	804	846	1,047	1,163	116	11.1
12 Regular Pay - Other	70	65	113	150	38	33.3
13 Additional Gross Pay	0	0	149	20	-130	-86.7
14 Fringe Benefits - Curr Personnel	108	121	184	186	3	1.4
15 Overtime Pay	0	0	0	57	57	100.0
Subtotal Personal Services (PS)	981	1,032	1,493	1,577	84	5.6
20 Supplies And Materials	74	85	141	145	4	3.1
31 Telephone, Telegraph, Telegram, Etc	8	5	32	15	-17	-52.4
32 Rentals - Land And Structures	201	211	245	233	-12	-4.8
40 Other Services And Charges	5,460	5,820	11,425	11,873	447	3.9
70 Equipment & Equipment Rental	24	15	52	51	-1	-1.2
Subtotal Nonpersonal Services (NPS)	5,767	6,136	11,895	12,318	423	3.6
Total Proposed Operating Budget	6,748	7,168	13,388	13,895	507	3.8

Table DY0-3

FY 2004 Full-Time Equivalent Employment Levels

	Actual FY 2001	Actual FY 2002	Approved FY 2003	Proposed FY 2004	Change from FY 2003	Percent Change
General Fund						
Special Purpose Revenue Fund	11	10	14	14	0	0.0
Total for General Fund	11	10	14	14	0	0.0
Total Proposed FTEs	11	10	14	14	0	0.0

Gross Funds

The proposed Gross Funds budget is \$13,894,654, representing an increase of 3.8 percent over the FY 2003 budget of \$13,387,875. There are 14 total FTEs for the board, representing no change from FY 2003.

General Fund

Special Purpose Revenue Funds. The Retirement Board is funded entirely through restricted use Special Purpose Revenue derived from the earnings of the District's Retirement Funds. The proposed Special Purpose Revenue Fund budget is \$13,894,654, an increase of \$506,779 over the FY 2003 approved budget of \$13,387,875. There are 14 FTEs funded by Special Purpose sources, representing no change from FY 2003.

Changes from the FY 2003 Approved Budget are:

- A net increase of \$156,309 in personal services for regular pay and fringe benefits to support step and grade increases, raises, and a proposed increase in trustee compensation.
- A net reduction of \$72,103 in personal services for additional gross pay to better reflect costs and to reallocate overtime to the new overtime pay object class as per budgetary guidelines.
- An increase of \$447,229 in other services and charges. Due to changes in the insurance market after September 11, the Retirement Board was unable to implement its plan to obtain a multi-year fiduciary liability policy during FY 2003 and must continue to budget an annual premium within this category. Additionally, the majority of the expenditures in this object class represent management fees

of the pension plans, which will increase annually with the increased value of the plans because of member contributions and investment earnings.

- A net reduction of \$24,656 in nonpersonal services for supplies and materials, fixed costs (telecommunications and rent), and equipment.

Programs

The board fulfills its mission through two primary activities:

Fund Asset Management

This program area provides custody and investment of employee retirement funds as well as oversight of contributions and all necessary reporting and disclosures.

As part of the National Capital Revitalization and Self-Government Improvement Act of 1997, the Federal government assumed the District's unfunded pension liability for teachers, police officers, and fire fighters. Pursuant to the Act, the Federal government pays the future retirement, death, and share of disability payments for employees for service accrued prior to June 30, 1997. Benefits earned subsequently remain the responsibility of the District of Columbia.

Retirement System Policy Development and Review

This program area provides for the organization and operations of the board as well as recom-

mendations for certain new internal policies and procedures.

Agency Goals and Performance Measures

Goal 1: Achieve long-term rate of return in excess of the actuarially assumed rate of return.

Citywide Strategic Priority Area(s): Making Government Work

Manager(s): Betty Ann Kane, Executive Director

Supervisor(s): Betty Ann Kane, Executive Director

Measure 1.1: Performance of the actuarial rate versus the District's 10 year actual rate of return percentage

	Fiscal Year				
	2001	2002	2003	2004	2005
Target	7.25	7.25	7.25	7.25	7.25
Actual	10	8.2	-	-	-